

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 AID-20 EB-11 CIEP-02 TRSE-00 STR-08 OMB-01

CEA-02 COME-00 FRB-02 XMB-07 OPIC-12 LAB-06 SIL-01

DRC-01 /173 W

----- 129104

R 121654Z JUN 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 1198

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

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E.O. 11652: GDS

TAGS: UK, EEC, PFOR

SUBJECT: CALLAGHAN OUTMANEUVERS ANTI-MARKETEERS

1. SUMMARY: IN MASTERFUL SPEECH TO PARLIAMENT, FOREIGN SECRETARY CALLAGHAN GAVE MOST POSITIVE INDICATION YET OF IMPORTANCE HMG ATTACHES TO REMAINING IN EC. HE ALSO TURNED TABLES ON HIS ANTI-MARKET CRITICS IN LABOR PARTY AND DEFTLY USURPED THEIR GUARDIANSHIP OF PARTY ORTHODOXY ON ISSUE OF RENEGOTIATION. THIS READINESS TO DEFY ANTI-MARKETEERS MAY PROVE POTENTIALLY CRITICAL IF HE IS TO PERSUADE EC PARTNERS TO MAKE CONCESSIONS AND IF LABOR

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CABINET IS ULTIMATELY TO PERSUADE PARTY TO ACCEPT RESULTS.

END SUMMARY

2. OPENING A SIX-HOUR COMMONS DEBATE ON EC RENEGOTIATION YESTERDAY (JUNE 11), FOREIGN SECRETARY CALLAGHAN STAGED A VIRTUOSO PERFORMANCE THAT PUT THE OPPOSITION ON THE DEFENSIVE, SCATTERED HIS CRITICS WITHIN THE LABOR PARTY, AND SKILLFULLY LAID THE PARLIAMENTARY GROUNDWORK FOR EVENTUAL ACCEPTANCE OF THE IMPROVED TERMS OF MEMBERSHIP HE HOPES TO SECURE FOR BRITAIN. IN THE PRESENCE OF AT LEAST THREE EC AMBASSADORS (FRANCE, FRG, LUXEMBOURG), HE STRESSED THAT SUCCESSFUL RENEGOTIATION WOULD BE IN THE INTERESTS OF BOTH THE EC AND THE UK (ALBEIT MORE FOR POLITICAL THAN ECONOMIC REASONS), AND REITERATED THAT HMG WANTS TO SEE RENEGOTIATION SUCCEED.

3. TURNING TO THOSE IN THE LABOR PARTY WHO THOUGHT HE MIGHT BE GOING SOFT ON RENEGOTIATION, HE LITERALLY CLUTCHED THE PARTY'S ELECTION MANIFESTO TO HIS BREAST AND CLAIMED THAT NO MAN KNEW ITS CONTENTS BETTER THAN HE OR HELD THEM MORE SACRED. HE COMPARED PARAGRAPH BY PARAGRAPH WHAT THE MANIFESTO SAID ABOUT RENEGOTIATION WITH WHAT HE HAD SAID IN LUXEMBOURG AND DEFIED HIS CRITICS TO POINT OUT ANY DISCREPANCIES. THEN TURNING THE TABLES ON THESE CRITICS, HE POINTEDLY NOTED THAT THE MANIFESTO SAID NOTHING ABOUT RENEGOTIATING TREATIES, AND RATHER CONTEMPTUOUSLY DISMISSED THOSE WHO BASICALLY WANT TO COME OUT OF THE EC REGARDLESS OF THE TERMS.

4. IN AN EFFORT TO ALLAY FEARS AND COUNTER ARGUMENTS ABOUT DEROGATION OF PARLIAMENTARY POWERS, CALLAGHAN PROMISED TO REPORT REGULARLY TO THE HOUSE ON EC MATTERS AND TO SCHEDULE DEBATES ON THEM AS OFTEN AS NECESSARY. HE MADE MUCH OF THE ROLE OF THE PARLIAMENTARY COMMITTEE ESTABLISHED TO SCRUTINIZE PROPOSED EC REGULATIONS (SEE LONDON 5986), AND GAVE ASSURANCES THAT HMG WOULD PUT A RESERVE IN THE COUNCIL OF MINISTERS ON ANY DECISIONS WHICH THE COMMITTEE THOUGHT SHOULD FIRST BE DISCUSSED IN THE COMMONS.

5. CALLAGHAN REPEATED THE GOVERNMENT'S PLEDGE TO CON-
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SULT THE BRITISH ELECTORATE, EITHER IN A REFERENDUM OR
AT A GENERAL ELECTION AND PRESSED TED HEATH -- UNSUCCESS-
FULLY -- TO SAY WHETHER OR NOT THE CONSERVATIVES AGREED
THAT THE QUESTION OF EC MEMBERSHIP SHOULD BE PUT TO THE
ELECTORATE. AT ONE POINT, HE AUDACIOUSLY SUGGESTED THAT
THE GREATEST DANGER TO SUCCESSFUL RENEGOTIATION LAY IN A
CONSERVATIVE WIN AT THE NEXT GENERAL ELECTION, BECAUSE
THE EUROPEANS KNEW WHAT A "SOFT TOUCH" THE TORIES WERE.

6. DESPITE THESE UNKIND CUTS, GEOFFREY RIPPON, SPEAKING
FOR THE OPPOSITION, ENDORSED MUCH OF WHAT CALLAGHAN IS
DOING IN THE EC, BUT MADE THE POINT THAT THE NEGOTIA-
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TIONS NOW IN TRAIN ARE NO MORE THAN WHAT THE EC TREATIES CONTEMPLATED AND WHAT A CONSERVATIVE GOVERNMENT WOULD HAVE DONE ANYWAY.

7. COMMENT: ONE HEARS LITTLE OF CALLAGHAN'S PROFESSED AGNOSTICISM ANY MORE. HIS STATEMENT YESTERDAY, WITH ITS EMPHASIS ON THE POLITICAL IMPORTANCE OF SUCCESSFUL RENEGOTIATION, IS THE MOST POSITIVE INDICATION YET OF HIS FUNDAMENTAL PREFERENCE FOR SEEING BRITAIN REMAIN IN THE EC.

8. CALLGHAN IS TOO ASTUTE A POLITICIAN, HOWEVER, TO GET CAUGHT OUT AHEAD OF RANK-AND-FILE OPINION IN THE LABOR PARTY. IT WAS PARTICULARLY INSTRUCTIVE, THEREFORE, TO SEE HOW HE JUSTIFIED HIS EVERY ACTION IN TERMS OF THE PARTY MANIFESTO, AND HOW HE SOUGHT TO PLACE THE OUT-AND-OUT ANTI-MARKETEERS BEYOND THE PALE OF PARTY ORTHODOXY. AT THE ANNUAL PARTY CONFERENCE LAST YEAR, THE ANTI-MARKETEERS THOUGHT THEY HAD BOUND A FUTURE LABOR GOVERNMENT HAND AND FOOT TO A RENEGOTIATION SCENARIO THAT COULD ONLY EVENTUATE IN BRITISH WITHDRAWAL. YESTERDAY, THE FOREIGN SECRETARY BEGAN TO LOOSEN THE ROPES.

ANNENBERG

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